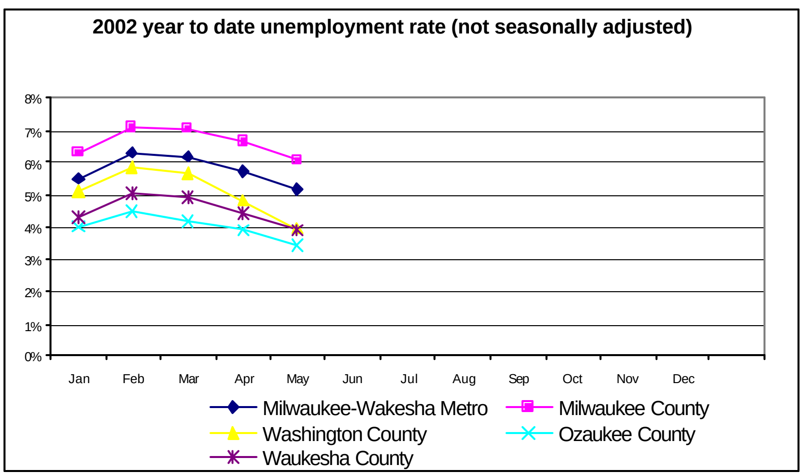
WORKFORCE OBSERVATIONS
FOR MILWAUKEE COUNTY/WOW COUNTIES
JUNE 2002

State of Wisconsin
Department of Workforce Development

A Month of Up's and Down's

For the third consecutive month, the reported unemployment rate for the Milwaukee-Waukesha Metropolitan Statistical Area (MSA) exhibited significant signs of improvement. For the month of May, the reported seasonally adjusted unemployment rate for the region was 5.1%, a decrease of 0.6% from the reported rate in April. When taken in context, the regional rate was 0.6% higher than the statewide unemployment rate, which experienced a dramatic 1.2% decrease over the course of the month, marking the largest month-to-month decrease since 1993. However, the regional rate of 5.1% continues to outpace the reported rate from a year earlier, which was 0.6% lower, or 4.5%. The significant downward movement in the unemployment rate for the month was caused by a convergence of positive movement in the three main indicators of the status of the regional labor force — the civilian labor force count, the number of employed, and unemployed. For the month of May, the region saw an aggregate decrease in the labor force (-3,341), an increase in the number of employed workers (1,590,) and a decrease in the number of unemployed (-5,021). These regional patterns reflect similar movement in the labor force observed statewide

Distilling the regional perspective to a more specific, local level, the **Milwaukee County** not seasonally adjusted unemployment rate stood at 6.1% percent in May. This rate is 0.5% lower than that reported a month earlier, indicating, in part, that recovery in the labor force within the county is occurring at a slower pace than recovery within the region specifically, and the state, as a whole. Much of this lag is due to a number of factors related to the industry composition in the county, which will be discussed later in this update. Taken again in a larger historical perspective, the county rate is an identical 0.6% higher to the regional rate when taken in comparison to the rate observed a year earlier. While historical patterns of labor force fluctuation over the course of a given year suggest that a decrease in reported unemployment in May can be expected and will likely be followed by a slight increase in June and July, the dramatic decrease observed statewide, regionally, and within the county suggest that this expected increase may be lower than that observed historically, again pointing to an economy well within a state of recovery from the economic slowdown of the past year.



Patterns of fluctuation within industries in the county continued to exhibit patterns similar to those reported last month. While the state reported an aggregate increase of 649 manufacturing positions over the course of the past month, the region reported a loss of 465 positions, including a loss of 244 positions within Milwaukee County. Additional losses are expected over the course of the next few months as mass layoffs and closings announced earlier this year take effect. Conversely, significant gains in a number of key sectors, including construction (786), transportation, communications, and public utilities (702), retail trade (1,442), and services (986) were reported. Much of the growth in these sectors can be linked to seasonal factors, such as the peak of the early construction season, and the beginning of the summer tourist season. The gains reported in retail trade can also be tied to a number of new store openings, continuing a trend which appears to be growing and that is expected to continue for the foreseeable future.

Continuing to demonstrate a close economic connection to the economic vitality of the region, the labor force situation in the three WOW counties (Washington, Ozaukee, and Waukesha) showed similar improvement over the course of the month. The not seasonally adjusted unemployment rates observed in the three counties ranged for a 3.9% in Washington and Waukesha Counties to 3.4% in Ozaukee County. Each of these rates again marks a significant decrease over the course of the past month, with the downward movement ranging from 0.9% in Washington County to 0.5% in Ozaukee County. Each of the counties continue to report rates higher than those experienced a year ago, with the increase ranging from 0.3% in Ozaukee County to 0.8% in Waukesha County. The significant relative increase in Waukesha County can be justified with respect to the significantly larger labor force in the county in comparison to either of the other two counties. Despite the decrease in unemployment in the counties, the three counties lost positions with respect to their ranking amongst counties within the

(Continued on page 2)

(Continued from page 1)
state, as Ozaukee County ranked 69th, Washington County 55th and Waukesha County 53rd of the state's 72 counties.

With respect to industry employment, the month of May brought several significant changes within the WOW region. Contrary to growth statewide, but consistent with changes regionally, each county reported decreases, however slight in manufacturing employment in May, ranging from 34 to 144 positions. While these losses are significant, one must remain ever cognizant of the fact that these losses are significantly less than losses experienced over the past several months, particularly in Ozaukee and Washington County. It has been suggested that a recent devaluing of the dollar, particularly with respect to the European euro could lead to increased industrial production, particularly in durable goods industries, which are heavily concentrated in the region. Growth in other sectors, such as construction, transportation, communications, and public utilities, retail trade, and services exhibited patterns similar to those observed within the region.

Several groups within the region have begun to turn their interest to the potential for significant opportunities within the construction industry. With the release of reports suggesting the need to replace the region's freeway system within the next 10 to 20 years and the impending Marquette Interchange reconstruction within the next two years will create a number of new opportunities. In addition, the construction of three new power plants as part of WE Energies "Power the Future" project is anticipated to create the need for 1,000 construction workers per year for the next ten years, adding to expected growth in this sector. These projects, coupled with continuing growth in the region's residential housing markets promises a bright future for the construction sector in the region.

May 2002	Wisconsin	Milwaukee-Waukesha MSA	Milwaukee County/WDA	Washington County	Ozaukee County	Waukesha County	W-O-W WDA
Civilian Labor Force*	*3,040,449*	*822,721*	*486,302*	*69,089*	*49,377*	*217,952*	*336,418*
Persons Employed	*2,902,722*	*780,439*	*456,861*	*66,372*	*47,675*	*209,530*	*323,577*
Persons Unemployed	*137,727*	*42,282*	*29,441*	*2,717*	*1,702*	*8,422*	*12,841*
Unemployment Rate	*4.5%*	*5.1%*	*6.1%*	*3.9%*	*3.4%*	*3.9%*	*3.8%*
Total jobs of all non-farm industries**	2,844,625	858,488	552,990	46,670	38,830	219,998	305,498
Goods Producing Jobs	693,953	191,349	96,682	17,188	12,982	64,497	94,667
Service Producing Jobs	2,150,672	667,139	456,309	29,482	25,848	155,500	210,830
Construction & Mining	129,848	33,497	13,807	2,604	1,533	15,553	19,690
All Manufacturing	564,105	157,852	82,875	14,584	11,449	48,944	74,977
Transportation, Communications & Public Utilities	132,673	39,782	29,101	1,801	844	8,036	10,681
Wholesale Trade	138,218	47,068	24,223	2,325	1,547	18,974	22,845
Retail Trade	505,749	136,933	85,013	8,522	7,215	36,182	51,920
Finance, Insurance, and Real Estate	152,130	58,169	42,241	1,979	1,949	12,000	15,928
Services	794,368	289,156	208,163	9,201	10,216	61,576	80,993
All Government	427,534	96,031	67,568	5,654	4,077	18,731	28,463
Change from April 2002							
Civilian Labor Force*	*-6,660*	*-3,430*	*-2,000*	*-490*	*-130*	*-820*	*-1,440*
Persons Employed	*29,140*	*1,590*	*930*	*140*	*100*	*430*	*660*
Persons Unemployed	*-35,800*	*-5,020*	*-2,930*	*-620*	*-230*	*-1,240*	*-2,090*
Unemployment Rate	*-1.2%*	*-0.6%*	*-0.6%*	*-0.9%*	*-0.5%*	*-0.6%*	*-0.6%*
Total jobs of all non-farm industries**	32,990	3,620	2,300	180	130	1,010	1,310
Goods Producing Jobs	10,830	320	80	20	0	220	240
Service Producing Jobs	22,160	3,290	2,220	160	130	790	1,070
Construction & Mining	10,180	790	320	60	40	360	460
All Manufacturing	650	-470	-240	-40	-30	-140	-220
Transportation, Communications & Public Utilities	1,400	700	510	30	10	140	190
Wholesale Trade	1,390	90	50	0	0	40	40
Retail Trade	8,360	1,440	900	90	80	380	550
Finance, Insurance, and Real Estate	290	160	120	10	10	30	40
Services	12,440	990	710	30	30	210	280
All Government	-1,720	-90	-60	-10	0	-20	-30
Change from May 2001							
Civilian Labor Force*	*62,320*	*14,650*	*8,660*	*1,040*	*720*	*4,970*	*7,380*
Persons Employed	*49,130*	*8,750*	*5,120*	*740*	*530*	*2,350*	*3,630*
Persons Unemployed	*13,200*	*5,900*	*3,540*	*290*	*180*	*1,890*	*2,360*
Unemployment Rate	*0.3%*	*0.6%*	*0.6%*	*0.4%*	*0.3%*	*0.8%*	*0.6%*
Total jobs of all non-farm industries**	1,330	-6,640	-3,330	-550	-390	-2,370	-3,310
Goods Producing Jobs	-21,910	-5,970	-3,010	-540	-400	-2,020	-2,960
Service Producing Jobs	23,240	-680	-320	-10	10	-360	-360
Construction & Mining	20	-1,080	-450	-80	-50	-500	-640
All Manufacturing	-21,930	-4,890	-2,570	-450	-350	-1,510	-2,320
Transportation, Communications & Public Utilities	-3,550	-920	-670	-40	-20	-190	-250
Wholesale Trade	350	-1,280	-660	-60	-40	-520	-620
Retail Trade	3,930	700	440	40	40	190	270
Finance, Insurance, and Real Estate	2,470	50	30	0	0	10	10
Services	17,060	-100	-70	0	0	-20	-30
All Government	2,970	870	610	50	40	170	260

* Labor force figures are **not** seasonally adjusted and are commonly revised. Figures from "place of residence" survey from the Bureau of Labor Statistics' Local Area Unemployment Statistics program.

**Figures based upon "place of employment" survey from the BLS, Non-Farm Wage and Salary estimates

Figures are rounded and may not sum to totals

Questions and comments regarding this publication are welcome. Direct to: ***Jeff Sachse, Labor Market Economist***
892 Main Street, Suite J, Pewaukee, WI 53072
262-695-7784 262-695-7799(FAX) E-mail: sachsje@dwd.state.wi.us
Look for the most current Labor Market Information at: WWW.DWD.STATE.WI.US/LMI